



Look Here if You're Hungry for Growth and Income

Description

When it comes to investing in food-related companies, I usually shy away from pure-play food stocks and direct my investments towards [growth-leaning grocers](#) or even [retail-segment titans](#) that provide a diversified mix of products across a broad geography. That's a strategy that has worked well for many, but now I'd like to direct your attention to a food company — **Premium Brands Holdings** ([TSX:PBH](#)).

The name might not mean much to you, but suffice to say that Premium Brands is an interesting investment option for both income- and growth-seeking investors alike, which I can put down to the following reasons:

Premium Brands is diversified

At first glance, Premium Brands may not seem the most diversified of investment options, but in reality, the company has a portfolio of over 30 well-known specialty food brands and 20 different distributor brands that cater to nearly every need for consumers and businesses in the U.S. and Canada.

That dizzying array of brands continues to expand as well; in the most recent quarter, Premium Brands spent over a quarter-billion dollars on acquiring Ready SeaFood, Yorkshire Valley Farms, and Select Foods.

Premium Brands is growing

Over the past two quarters, Premium Brands has recorded record-breaking quarters. In the most recent quarter, the company posted revenue of \$835.5 million, which came in a whopping 49.8% higher than the figure from the same quarter last year.

Also setting a record was adjusted EBITDA, which, in the most recent quarter, represented a 44% improvement over the same quarter last year.

Overall, the company earned \$36.1 million, or \$1.09 per share in the quarter, compared with \$23.3

million, or \$0.78 per share, in the same period last year.

Premium Brands is a bargain right now

Despite the back-to-back beats, Premium Brands is trading down year to date by over 20%. While some of this can be attributed to the general slowdown in the market over the past few months as well as the uncertainty this past fall stemming from the USMCA trade agreement, investors shouldn't dismiss the potential that the company has, particularly over the longer term.

In other words, if your goals are long-term growth from a stock you don't need to be particularly worried about, then perhaps Premium Brands might be a worthwhile investment.

Another interesting point is the company's dividend.

The current quarterly payout carries a yield of 2.43%, and while that may not sound like an income generator, the company hasn't been coy on hiking the dividend, even joining the aristocrat club earlier this year after maintaining those annual hikes for five consecutive years.

Premium Brands currently trades for under \$78, down considerably from its 52-week levels of over \$122, and the current P/E comes in at 25.36.

CATEGORY

1. Investing

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1. TSX:PBH (Premium Brands Holdings Corporation)

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